



Minnesota Gambling Control Board

GAMING NEWS

April/May/June 2013

Director's Column

Tom Barrett, Executive Director

Gambling Control Board

**William Goede, Chair
(Plainview)**

Committee: Executive

**Norm Pint, Vice-Chair
(New Prague)**

Committees: Executive;
CRG (chair)

**William Gillespie,
Secretary (St. Paul)**

Committees: Executive;
Legislative (chair); CRG

Robert Hyde (Plymouth)

Committees: Rules (chair)

**Geno Fragnito
(Woodbury)**

Committees: Rules;
Legislative

**Susan McCarville
(Hopkins)**

Committees: Rules; CRG

**James Nardone
(Grand Rapids)**

Committees: Legislative

Monthly board meetings are open to the public and are held at:

Gambling Control Board
Suite 300 South
1711 W. County Road B
Roseville, Minnesota

Meetings start at 10:00 a.m.

Monday, May 20, 2013

Monday, June 17, 2013

Tentative:

Monday, July 15, 2013

Monday, August 19, 2013

Monday, September 16, 2013

Monday, October 21, 2013

Friday, November 15, 2013

Monday, December 16, 2013

Agendas are posted at:
www.gcb.state.mn.us

Tax Reporting Change — Electronic Pull-Tab Games

Starting June 1, 2013, the Minnesota Department of Revenue is implementing a tax reporting change for *electronic* pull-tab games. These games will be based on monthly gaming activity rather than on game close. Tax reporting for *paper* pull-tabs will continue to be based on game close.

See Page 3 for more information on this important tax reporting change.

Rules Status

A Public Advisory Committee meeting was held on May 2 to go over comments received on the proposed rules. There will be some necessary tweaking, and a draft containing any further changes will be posted to the Board's website. From here, Board staff will be developing the Statement of Need and Reasonableness (SONAR).

A huge thank you to members of the PAC and others for comments received. Your input and suggestions have been invaluable.

Electronic Gaming Update

Sites with electronic gaming continue to grow albeit at a slower rate than projected. But for some of the sites with electronic gaming, gross sales have increased dramatically. Based on April sales activity for electronic pull-tab games, The Phat Pheasant in Windom under the license of the Prairie Ecology Bus Center was the #1 electronic pull-tab sales location in the state with over \$72,000 in gross sales for the month of April for electronic pull-tabs. That works out to an average of \$2,418 per day—well above the original estimate projected by the Gambling Control Board. (Check out the Top Ten sites with electronic pull-tab sales below.) At press time, electronic linked bingo was just getting started at select sites around Minnesota and while there is only one vendor in the market at this point, additional vendors will be added. Stay tuned!

Top Ten Electronic Gaming Sites for the Month of April 2013

Site	City	Charity	Gross Receipts
The Phat Pheasant	Windom	Prairie Ecology Bus Center	\$72,564.00
Roosevelt Bar	Eveleth	Climb Theatre, Inc.	\$66,269.00
Porky's Bar	St. Paul	MLBA Children's Fund	\$57,236.50
Valley Lounge	Eagan	AM Vets Post 1	\$52,909.50
Mully's on Madison	Mankato	Prairie Ecology Bus Center	\$52,623.00
Howie's Sports Bar	St. Cloud	St. Cloud Youth Hockey Assn.	\$49,743.00
Tom & Jerry's Bar	Chisholm	AM Vets Post 12 Hibbing	\$47,403.25
Fabulous Fern's	St Paul	AM Vets Post 1	\$41,274.50
Mill's Lounge	Dilworth	Dilworth Lions Club	\$41,038.50
Turtle's Bar and Grill	Shakopee	Shakopee Youth Hockey Assn.	\$34,944.50

Continuing Education Classes

- Preregistration is not required to attend.
- Classes are **free** and open to the public.
- Gambling managers must attend at least one class **each calendar year**.

Topics for June Classes:

Legislative Update and Lawful Purpose Expenditures

Be sure to check our website for class updates:
www.qcb.state.mn.us

Please Note:
There will be no Continuing Education classes in July.

Date: June 17, 2013 Time: 7:00 p.m.	Hibbing Memorial Building, Dining Room 400 East 23rd Street, Hibbing
Date: June 18, 2013 Time: 7:00 p.m.	Gambling Control Board, Rosewood Office Plaza Suite 300 South (use south doors) 1711 W. County Road B, Roseville
Date: June 18, 2013 Time: 7:00 p.m.	AmericInn Lodge and Suites, Fergus Falls Room 526 Western Avenue, Fergus Falls
Date: June 19, 2013 Time: 7:00 p.m.	Best Western Kelly Inn, Room University B 100 4th Avenue South, St. Cloud
Date: June 24, 2013 Time: 7:00 p.m.	South Central College, Conference Center C 1920 Lee Boulevard, North Mankato
Date: June 27, 2013 Time: 10:00 a.m.	Gambling Control Board, Rosewood Office Plaza Suite 300 South (use south doors) 1711 W. County Road B, Roseville

Compliance Review Group (CRG) Report

The CRG, a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules. This information is a condensed report of recently completed CRG conferences. Penalties imposed are based on specific and unique information reviewed for each licensee.

Licensee	Consent Order Allegations	Consent Order Requirements
Mantorville Restoration Association License 01982	<ul style="list-style-type: none"> • Failed to maintain internal controls sufficient to protect the integrity of its lawful gambling. • Failed to maintain deposit records which were sufficient to allow determination of deposits made from each deal or game at each permitted premises. • Failed to correct violations for which a fine was previously imposed. • Failed to comply with the Board's request, in a timely manner, to meet with Board staff, to conduct a post-compliance review, and to provide documents to verify that the corrective action required in the Compliance Report had been completed. 	<ul style="list-style-type: none"> • \$750 fine.
Crow River Youth Hockey Association License 02425	<ul style="list-style-type: none"> • Failed to maintain sufficient supporting documentation of its expenditure records. • Failed to make deposits of gambling receipts within four business days of the close of the game. • Failed to maintain internal controls sufficient to protect the integrity of its lawful gambling. • Failed to report to the Board monthly on its expenditures of lawful gambling receipts. • Transferred gambling funds to its general account without meeting rule requirements. • Filed false and inaccurate information with Revenue and the Gambling Control Board. • Failed to reconcile its profit carryover with its cash balance on hand. • Failed to accurately complete Schedule F forms. • Conducted a raffle without supporting documentation to ensure proper reporting and conduct. • Failed to accurately complete daily tracking forms. • Incorrectly completed prize receipt forms for winning pull-tabs. • Failed to comply with the Board's request, in a timely manner, to meet with Board staff, to conduct a post-compliance review, and to provide documents to verify that the corrective action required in the Compliance Report had been completed. 	<ul style="list-style-type: none"> • \$2,000 fine. • File a Corrective Action Plan. • Establish a Gambling Oversight Committee; two members must attend the gambling manager seminar and pass the test. • Reconcile its profit carryover variance. • Reimburse the amount of the unreconciled variance. • Resolve all issues contained in the Compliance Review Report and Post Compliance Review Report. • Focused Compliance Review.

Electronic Gaming Informational Meetings to Be Held in May and June

Allied Charities of Minnesota (ACM) is hosting an informational road show the weeks of May 28, June 3, and June 10 to discuss electronic gaming, the opportunities these new games offer licensed organizations, and their importance to charitable gambling.

These informational meetings will be open to all licensed lawful gambling organizations. Gambling Control Board staff will be on hand during these meetings to assist in answering questions organizations may have on electronic gaming.

Meetings will be held in Willmar, Marshall, Rochester, Mankato, St. Cloud, Duluth, Bemidji, Fergus Falls, and the metro area. A schedule will be posted on Allied Charities' website at www.alliedcharitiesmn.org.

Important Tax Reporting Information:

Department of Revenue Tax Reporting Change for Electronic Pull-Tab Games

Beginning June 1, 2013, Minnesota Department of Revenue tax reporting for electronic pull-tabs will be based on monthly gaming activity rather than on game close. Charities will need to close all open electronic pull-tab games on May 31 to complete the reporting change. This is a one-time event for May 31, 2013. Tax reporting for paper pull-tabs will continue to be based on game close.

Effective June 1, 2013, revenue from electronic pull-tab games will be reported in the month it was earned. The Department of Revenue issued a letter in April notifying licensed lawful gambling organizations of this change.

Further information can be found at:

www.revenue.state.mn.us/businesses/lawful_gambling/Pages/What-s-New.aspx

For more information on Revenue's tax reporting change for electronic pull-tabs, contact the Department of Revenue's Lawful Gambling Tax Unit at 651-297-1772 or lawfulgambling.taxes@state.mn.us

Lawful Purpose Rating

With June 30 fast approaching, licensed organizations are encouraged to review their percentage of funds used for lawful purpose expenditures for the 12-month period (July through June). For the most recent version of the LG1012 Worksheet—Lawful Purpose Rating, visit our website:

www.gcb.state.mn.us (click on "Forms for Licensed Organizations" then on "For all forms sorted by form number [click here](#)")

If your organization was placed on probation last year, it is important that your organization be in compliance by June 30, 2013, to avoid possible sanctions by the Board.

Licensed organizations will be evaluated by the Gambling Control Board to determine a rating based on the percentage of annual gross profits spent on lawful purpose expenditures for fiscal year 2013.

Department of Revenue Tip: Manufacturers and Distributors May Provide Information

As electronic gaming continues to grow, the Minnesota Department of Revenue will share information and tips on tax filing to help clarify questions about the new technology. If you have questions, send them to lawfulgambling.taxes@state.mn.us.

Q: If I am an electronic gaming manufacturer or distributor, may I provide monthly electronic pull-tab or bingo activity information to a lawful gambling organization?

A: Yes, you may provide the monthly activity information to gambling organizations. However, you cannot prepare or help prepare tax forms and other required reporting forms.

Citations Paid

Citations in the amount of \$300 were issued to the following organizations for not filing the annual financial summary for fiscal year 2012:

- Moose Lodge 1302, Proctor, License 00346
- American Legion Post 443, Ironton, License 00148
- Cloquet Amateur Hockey Association, License 01224

Citations in the amount of \$100 were issued to the following organizations for gambling manager not attending continuing education class during calendar year 2012:

- Crow River Youth Hockey Assn., Delano, License 02425
- Pine City Sportsmen's Club, Brainerd, License 02394
- MSO Productions d/b/a Midwest Ski Otter, White Bear Lake, License 05703

GAMING NEWS, April/May/June 2013

Gambling Control Board
Suite 300 South
1711 West County Road B
Roseville, MN 55113

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State offices will be closed on May 27, 2013, July 4, 2013, September 2, 2013, November 11, 28, 29, 2013, and December 25, 2013.

Trends in Lawful Gambling Gross Receipts

NOTE: Figures for the current calendar year are subject to change due to amended, corrected, or late tax returns.

	Calendar Year 2013	% Change from 2012	Calendar Year 2012	% Change from 2011	Calendar Year 2011
January	\$90,796,000	5.9%	\$85,725,000	7.5%	\$79,741,000
February	\$90,822,000 ¹	-0.7%	\$91,452,000	13.8%	\$80,385,000
March	\$106,612,000 ²	5.9%	\$100,646,000	7.2%	\$93,844,000
April			\$93,531,000	3.4%	\$90,491,000
May			\$90,490,000	6.2%	\$85,188,000
June			\$87,017,000	9.0%	\$79,815,000
July			\$87,668,000	4.8%	\$83,646,000
August			\$91,075,000	7.8%	\$84,507,000
September			\$89,836,000	6.4%	\$84,458,000
October			\$93,134,000	6.0%	\$87,850,000
November			\$93,371,000	10.9%	\$84,228,000
December			\$96,527,000	8.8%	\$88,730,000
YTD Total	\$288,230,000	3.7%	\$1,100,472,000	7.6%	\$1,022,883,000

¹ 98.9% reporting.

Note: June 2012 and prior figures provided by MN Dept. of Revenue.

² 97.6% reporting.

Gambling Control Board www.gcb.state.mn.us
Roseville 651-639-4000
St. Peter 507-931-5112
Hibbing 218-262-7301
Fergus Falls 218-739-7402

Department of Revenue www.taxes.state.mn.us
Lawful Gambling Tax Unit 651-297-1772
Email: lawfulgambling.taxes@state.mn.us

Department of Public Safety www.dps.state.mn.us
Alcohol & Gambling Enforcement 651-201-7500

Internal Revenue Service
Forms 1-800-829-1040
Questions 651-312-7716

Minnesota's Bookstore ... www.minnesotasbookstore.com
..... 651-297-3000; 1-800-657-3757

Minnesota Problem Gambling Helpline....www.nojudgment.com....1-800-333-HOPE